

**FESTIVAL INTERNATIONAL
DE LOUISIANE, INC.**

Lafayette, Louisiana
Financial Report

Years Ended August 31, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Festival International De Louisiane, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Festival International De Louisiane, Inc. (a nonprofit organization) as of August 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Festival International De Louisiane, Inc., as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 2013, on our consideration of Festival International De Louisiane, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Festival International De Louisiane, Inc. taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 28, 2013

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Statements of Financial Position
August 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 286,936 | \$ 270,179 |
| Accounts receivable | 36,570 | 100,242 |
| Inventory | <u>59,579</u> | <u>33,966</u> |
| Total current assets | 383,085 | 404,387 |
| FIXED ASSETS | | |
| Furniture and equipment (net of accumulated depreciation of \$30,780 and \$24,121 as of 2012 and 2011, respectively) | 12,887 | 17,454 |
| OTHER ASSETS | | |
| Trademark | <u>535</u> | <u>535</u> |
| TOTAL ASSETS | <u>\$ 396,507</u> | <u>\$ 422,376</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 848 | \$ 718 |
| Accrued liabilities | 6,959 | 3,687 |
| Unearned revenue | - | 25,000 |
| Capital lease payable | <u>4,194</u> | <u>3,397</u> |
| Total current liabilities | 12,001 | 32,802 |
| NONCURRENT LIABILITIES | | |
| Capital lease payable | <u>-</u> | <u>4,194</u> |
| TOTAL LIABILITIES | 12,001 | 36,996 |
| NET ASSETS | | |
| Unrestricted | <u>384,506</u> | <u>385,380</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 396,507</u> | <u>\$ 422,376</u> |

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Statements of Activities
Years Ended August 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| Support: | | |
| Contributions | \$ 403,532 | \$ 392,750 |
| Grants | 47,269 | 72,830 |
| In-kind contributions | <u>347,225</u> | <u>338,725</u> |
| Total unrestricted support | <u>798,026</u> | <u>804,305</u> |
| Revenue: | | |
| Sales and admissions, net of direct expenses | 470,585 | 423,604 |
| Interest | 918 | 1,360 |
| Miscellaneous | <u>9,252</u> | <u>9,524</u> |
| Total unrestricted revenue | <u>480,755</u> | <u>434,488</u> |
| Total support and revenue | <u>1,278,781</u> | <u>1,238,793</u> |
| EXPENSES | | |
| Program services: | | |
| Artists' fees and expenses | 234,700 | 239,732 |
| Production | 466,104 | 394,144 |
| Marketing and promotion | 375,024 | 378,428 |
| Support services | <u>203,827</u> | <u>216,906</u> |
| Total expenses | <u>1,279,655</u> | <u>1,229,210</u> |
| Increase (Decrease) in unrestricted net assets | (874) | 9,583 |
| NET ASSETS, beginning of year | <u>385,380</u> | <u>375,797</u> |
| NET ASSETS, end of year | <u>\$ 384,506</u> | <u>\$ 385,380</u> |

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Statements of Cash Flows
Years Ended August 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (874) | \$ 9,583 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities: | | |
| Depreciation | 6,659 | 6,415 |
| Changes in current assets and liabilities - | | |
| (Increase) Decrease in receivables | 63,672 | (95,742) |
| Decrease (Increase) in inventory | (25,613) | 14,651 |
| (Decrease) Increase in accounts payable | 130 | (1,332) |
| Increase in accrued liabilities | 3,272 | 3,162 |
| Increase (Decrease) in unearned revenue | (25,000) | 14,750 |
| Total adjustments | <u>23,120</u> | <u>(58,096)</u> |
| Net cash (used) provided by operating activities | 22,246 | (48,513) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of furniture and equipment | <u>(2,092)</u> | <u>(10,343)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from capital lease | - | 10,343 |
| Principal Paid | <u>(3,397)</u> | <u>(2,752)</u> |
| Net cash provided (used) by financing activities | <u>(3,397)</u> | <u>7,591</u> |
| Net increase (decrease) in cash and cash equivalents | 16,757 | (51,265) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>270,179</u> | <u>321,444</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 286,936</u> | <u>\$ 270,179</u> |

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements

(1) Nature of Activities

Festival International De Louisiane, Inc. (Festival) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Francophone festival of performing and visual arts. The Festival is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization's main source of revenue is from donations and proceeds from the festival.

(2) Summary of Significant Accounting Policies

A. Basis of Accounting

The Festival reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how these long-lived assets must be maintained, the Festival reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from ticket sales is recorded in the year services are rendered. Advertising costs are expensed in the year in which they are incurred.

B. Donated Services

The estimated fair value of the donated use of facilities and other assets owned by others, and the estimated fair value of measurable contributed services, which constitute a part of the normal program or services that would otherwise be performed by paid personnel, are recorded. However, the value for other donated services is not recorded by the Festival since no objective basis is available to measure the value of such services. There are a number of volunteers who donate significant amounts of time in the planning and production of the festival.

C. Fixed Assets

It is the Organization's policy to capitalize all furniture and equipment. Purchased furniture and equipment are capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Income Taxes

The Festival is a non-profit organization and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

E. Statement of Cash Flows

The Festival considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. Inventory

Inventory, which consists of festival flags, pins, posters and T-shirts is valued at the lower of cost or market.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Contributions

All commitments of contributions are considered receivable within one year.

(3) Concentration of Credit Risk

The Festival's cash is deposited in two financial institutions. Cash accounts at banks are insured by the FDIC for up to \$250,000. The Organization's cash was fully insured at August 31, 2012.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Fair Values of Financial Instruments

The Festival's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, other receivables and accounts payable. The Festival estimates that the fair value of all financial instruments at August 31, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Festival using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Festival could realize in a current market exchange.

(5) Capital Lease Payable

During the fiscal year ending August 31, 2011, the Festival entered into a copier lease agreement totaling \$10,343. In accordance with Financial Accounting Standard No. 13, the lease met the criteria for recordation as capital leases. At August 31, 2012, the copier had a value of \$6,378 (net of \$3,965 of accumulated depreciation), which is included in the furniture and equipment capital asset class.

(6) Commitments

On September 1, 2011, Festival entered into a five year lease for an office facility and parking space. Rent expense for the year ended August 31, 2012 totaled \$28,284. Rental payments remaining under the lease terms are as follows:

| <u>Year Ending</u> <u>August 31</u> | <u>Rent</u> <u>Expense</u> |
|--|-------------------------------|
| 2013 | \$ 31,800 |
| 2014 | 32,400 |
| 2015 | 33,000 |
| 2016 | <u>33,600</u> |
| Total | <u><u>\$ 130,800</u></u> |

(7) Subsequent Events

Subsequent events have been evaluated through February 28, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Statement of Functional Expenses
Year Ended August 31, 2012
With Comparative Totals for the Year Ended August 31, 2011

| | Artist's Fees and Expenses | Production | Marketing and Promotion | Support Services | Totals | |
|-----------------------------------|----------------------------------|-------------------|-------------------------------|---------------------|---------------------|---------------------|
| | | | | | 2012 | 2011 |
| Salaries | \$ - | \$ 88,390 | \$ 53,059 | \$ 20,396 | \$ 161,845 | \$ 114,910 |
| Professional fees | 151,150 | 32,721 | 1,500 | 3,965 | 189,336 | 189,757 |
| Outside services and fees | 5,700 | - | 437 | 73,162 | 79,299 | 119,269 |
| Supplies | - | 3,575 | - | 6,756 | 10,331 | 8,633 |
| Telephone and utilities | - | - | - | 8,154 | 8,154 | 8,500 |
| Postage and shipping | - | 100 | - | 4,513 | 4,613 | 5,166 |
| Payroll taxes | - | 4,090 | 2,424 | 1,061 | 7,575 | 10,076 |
| Rental of property and equipment | - | 107,964 | - | 5,527 | 113,491 | 102,988 |
| Printing and publications | - | 3,606 | 11,486 | 606 | 15,698 | 20,033 |
| Transportation and other services | 17,117 | - | - | - | 17,117 | 26,022 |
| Hospitality | 31,005 | 78,250 | - | - | 109,255 | 114,688 |
| Meals and lodging | 22,601 | 5,242 | - | 1,138 | 28,981 | 33,769 |
| Advertising and promotion | - | - | 298,970 | - | 298,970 | 289,525 |
| Research | - | - | - | 4,479 | 4,479 | 3,689 |
| Sound and lighting | - | 84,730 | - | - | 84,730 | 78,852 |
| Licenses | 2,596 | - | - | 5,161 | 7,757 | 1,605 |
| Electrical | - | 25,688 | - | - | 25,688 | 14,353 |
| Insurance | - | 23,507 | - | 21,755 | 45,262 | 40,532 |
| Decorations and signage | - | 5,654 | 2,689 | - | 8,343 | 13,511 |
| Photography | - | - | 2,500 | - | 2,500 | 9,525 |
| Rent | - | - | - | 28,284 | 28,284 | - |
| Depreciation | - | - | - | 6,659 | 6,659 | 6,415 |
| Other | 4,531 | 2,587 | 1,959 | 12,211 | 21,288 | 17,392 |
| | <u>\$ 234,700</u> | <u>\$ 466,104</u> | <u>\$ 375,024</u> | <u>\$ 203,827</u> | <u>\$ 1,279,655</u> | <u>\$ 1,229,210</u> |

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statement of Functional Expenses
Year Ended August 31, 2011

| | Artist's Fees and Expenses | Production | Marketing and Promotion | Support Services | Totals |
|-----------------------------------|----------------------------------|-------------------|-------------------------------|---------------------|---------------------|
| Salaries | \$ - | \$ 39,950 | \$ 55,487 | \$ 19,473 | \$ 114,910 |
| Professional fees | 154,550 | 27,714 | 3,000 | 4,493 | 189,757 |
| Outside services and fees | 4,155 | - | 4,203 | 110,911 | 119,269 |
| Supplies | - | 3,496 | - | 5,138 | 8,633 |
| Telephone and utilities | - | - | - | 8,500 | 8,500 |
| Postage and shipping | 161 | 185 | - | 4,820 | 5,166 |
| Payroll taxes | - | 3,156 | 4,439 | 2,481 | 10,076 |
| Rental of property and equipment | - | 100,414 | - | 2,574 | 102,988 |
| Printing and publications | - | 4,083 | 14,104 | 1,846 | 20,033 |
| Transportation and other services | 26,022 | - | - | - | 26,022 |
| Hospitality | 29,938 | 84,750 | - | - | 114,688 |
| Meals and lodging | 22,425 | 4,441 | - | 6,903 | 33,769 |
| Advertising and promotion | - | - | 289,525 | - | 289,525 |
| Research | - | - | - | 3,689 | 3,689 |
| Sound and lighting | - | 78,852 | - | - | 78,852 |
| Licenses | 887 | - | - | 718 | 1,605 |
| Electrical | - | 14,353 | - | - | 14,353 |
| Insurance | - | 21,795 | - | 18,737 | 40,532 |
| Decorations and signage | - | 10,387 | 3,124 | - | 13,511 |
| Photography | - | - | 3,775 | 5,750 | 9,525 |
| Depreciation | - | - | - | 6,415 | 6,415 |
| Other | 1,594 | 568 | 771 | 14,458 | 17,392 |
| | <u>\$ 239,732</u> | <u>\$ 394,144</u> | <u>\$ 378,428</u> | <u>\$ 216,906</u> | <u>\$ 1,229,210</u> |

**INTERNAL CONTROL
AND
COMPLIANCE**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
 Festival International de Louisiane
 Lafayette, Louisiana

We have audited the financial statements of Festival International de Louisiane, Inc. (a nonprofit organization), as of and for the year ended August 31, 2012, and have issued our report thereon dated February 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Festival International de Louisiane is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Festival International de Louisiane, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Festival International de Louisiane's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposed described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Festival International de Louisiane, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Festival International de Louisiane, Inc.'s management and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 28, 2013

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended August 31, 2012

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Anticipated Completion Date |
|----------|---|------------------------|-------------------------------|---------------------------|---------------------------|-----------------------------------|
|----------|---|------------------------|-------------------------------|---------------------------|---------------------------|-----------------------------------|

CURRENT YEAR (8/31/12) --

Compliance

There were no compliance findings to be reported.

Internal Control:

There were no matters involving the internal control over financial reporting to be reported.

PRIOR YEAR (8/31/11) --

Compliance

There were no compliance findings to be reported.

Internal Control:

There were no matters involving the internal control over financial reporting to be reported.